

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Genesee County Building Authority	County Genesee
Audit Date 9/30/05	Opinion Date 1/26/06	Date Accountant Report Submitted to State:	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

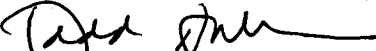
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Plante & Moran, PLLC			
Street Address 111 East Court Street, Suite 1A	City Flint	State MI	ZIP 48502
Accountant Signature 		Date 3-30-06	

Financial Statements

**Genesee County Building Authority
(A Component Unit of Genesee County)
Flint, Michigan**

September 30, 2005

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Independent Auditors' Report

To the Members of the Commission of the
Genesee County Building Authority

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Genesee County Building Authority (the Authority) (a component unit of Genesee County, Michigan) as of September 30, 2005, which collectively comprise the Authority's basic financial statements as listed in the table of contents, and for the year then ended. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Genesee County Building Authority at September 30, 2005, and the respective changes in financial position, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Genesee County Building Authority's basic financial statements. The combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. These combining non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects to the basic financial statements taken as a whole.

PLANTE & MORAN, PLLC

January 26, 2006

Management's Discussion and Analysis

As management of the Genesee County Building Authority, we offer readers of the Genesee County Building Authority's financial statements this narrative overview and analysis of the financial activities of the Genesee County Building Authority. The Debt Service funds are used to record lease revenue and annual bond payments related to capital projects and the Capital Projects funds record the activity for the purchase and construction of buildings and major equipment purchases using the debt proceeds.

The basic financial statements for the Genesee County Building Authority are comprised of the governmental funds balance sheet/statement of net assets, combined statement of revenues, expenditures, and changes in fund balances-statement of activities and notes to the financial statements.

The statement of net assets presents the information of the governmental funds for both the assets and liabilities, with the difference between the two reported as net assets.

The statement of activities present information showing how the governmental funds net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the governmental funds financial statements.

Financial Highlights

The following table shows in a condensed format, the net assets of the current year compared with the prior year:

Summary Condensed Statement of Net Assets

	<u>2005</u>	<u>2004</u>
Current assets	\$ 726,327	\$ 592,381
Noncurrent assets	<u>18,870,000</u>	<u>34,595,000</u>
Total assets	<u>19,596,327</u>	<u>35,187,381</u>
Current liabilities	3,062,280	2,711,709
Long-term liabilities	<u>16,055,000</u>	<u>31,905,000</u>
Total liabilities	<u>19,117,280</u>	<u>34,616,709</u>
Net assets - unrestricted	<u>\$ 479,047</u>	<u>\$ 570,672</u>

The following table shows the revenue, expenses and changes in net assets of the current year compared with the prior year:

Condensed Statement of Activities

	<u>2005</u>	<u>2004</u>
Revenue:		
Program revenue:		
Financing income	\$1,541,903	\$2,715,215
General revenue – interest and other	<u>14,903</u>	<u>652</u>
Total revenue	<u>1,556,806</u>	<u>2,715,867</u>
Program expenses:		
General government	106,618	636,027
Debt service	<u>1,541,903</u>	<u>1,779,642</u>
	<u>1,648,521</u>	<u>2,415,669</u>
Decrease in net assets	(91,715)	300,198
Net assets – beginning	<u>570,762</u>	<u>270,564</u>
Net assets – ending	<u>\$479,047</u>	<u>\$ 570,762</u>

Total long-term debt decreased by debt payments of \$2,690,000, and also via a debt refunding in the amount of \$13,035,000 by Genesee County who issued general obligation refunding bonds.

The overall financial position declined slightly due to capital outlay expenditures of the Courthouse Square Capital Projects Fund bringing overall fund balance down to \$479,047.

Genesee County Building Authority
Governmental Funds Balance Sheet/Statement of Net Assets
September 30, 2005

	Major Funds			
	McCree Courts and Human Services Building Debt Service	1998 Refunding Bonds Debt Service	Courthouse Square Debt Service	GCCARD
Assets				
Cash and cash equivalents	\$ -	\$ 2,690	\$ 84,364	\$ 73,779
Investments	-	-	-	-
Accrued Interest Receivable	-	-	-	-
Net lease receivable	5,205,000	1,545,000	8,120,000	2,515,000
Total assets	<u>\$ 5,205,000</u>	<u>\$1,547,690</u>	<u>\$ 8,204,364</u>	<u>\$ 2,588,779</u>
Liabilities				
Due to Genesee County	\$ -	\$ -	\$ -	\$ -
Deferred revenue	5,205,000	1,545,000	8,120,000	2,515,000
Bonds payable- current	-	-	-	-
Bonds payable	-	-	-	-
Total liabilities	<u>5,205,000</u>	<u>1,545,000</u>	<u>8,120,000</u>	<u>2,515,000</u>
Fund balances/Net Assets:				
Fund balance- Unreserved, reported in:				
Debt service	-	2,690	84,364	73,779
Capital projects	-	-	-	-
Total fund balances	<u>-</u>	<u>2,690</u>	<u>84,364</u>	<u>73,779</u>
Total liabilities and fund balances	<u>\$ 5,205,000</u>	<u>\$1,547,690</u>	<u>\$ 8,204,364</u>	<u>\$ 2,588,779</u>
Net Assets:				
Unrestricted				
Total net assets				

The notes to financial statements are an integral part of this statement.

Non Major Governmental Funds	Total	Adjustments (Note 5)	Statement of Net Assets
\$ 65,082	\$ 225,915	\$ -	\$ 225,915
500,000	500,000	-	500,000
412	412	-	412
1,485,000	18,870,000	-	18,870,000
<u>\$ 2,050,494</u>	<u>\$ 19,596,327</u>	-	19,596,327

\$ 247,280	\$ 247,280	-	247,280
1,485,000	18,870,000	(18,870,000)	-
-	-	2,815,000	2,815,000
-	-	16,055,000	16,055,000
<u>1,732,280</u>	<u>19,117,280</u>	-	19,117,280

65,082	225,915	(225,915)	-
253,132	253,132	(253,132)	-
<u>318,214</u>	<u>479,047</u>	<u>(479,047)</u>	-
<u>\$ 2,050,494</u>	<u>\$ 19,596,327</u>	<u>(479,047)</u>	19,117,280
		479,047	479,047
		<u>\$ - 0 -</u>	<u>\$ 479,047</u>

**Genesee County Building Authority
Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances/ Statement of Activities
For the Year Ended September 30, 2005**

	Major Funds			
	McCree Courts and Human Services Building Debt Service	1998 Refunding Bonds Debt Service	Courthouse Square Debt Service	GCCARD
Revenues:				
Program Revenue:				
Financing income - Lease charges:				
Genesee County	\$ 370,254	\$ 464,721	\$ 990,000	\$ 95,000
State of Michigan	276,547	-	-	-
City of Flint	293,199	-	-	-
Genesee County WWS	-	20,279	-	-
Interest and fees on lease receivable	201,813	93,003	1,062,606	124,148
Capital contribution- Genesee County	-	-	13,035,000	-
General Revenues:				
Interest income	-	-	-	-
Other	-	-	-	-
Total revenues	1,141,813	578,003	15,087,606	219,148
Expenditures:				
Current:				
General government	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Bond principal	940,000	485,000	14,025,000	95,000
Bond interest	201,588	92,703	1,062,056	123,873
Paying agent fees	225	300	550	275
Total expenditures	1,141,813	578,003	15,087,606	219,148
Deficiency of revenues over expenditures	-	-	-	-
 Fund balances/net assets - beginning of year	-	2,690	84,364	73,779
Fund balances/net assets - end of year	\$ - 0 -	\$ 2,690	\$ 84,364	\$ 73,779

The notes to financial statements are an integral part of this statement.

Non Major Governmental Funds	Totals	Adjustments (Note 5)	Statement of Activities
\$ 180,000	\$ 2,099,975	\$ (2,099,975)	\$ -
-	276,547	(276,547)	-
-	293,199	(293,199)	-
-	20,279	(20,279)	-
60,333	1,541,903	-	1,541,903
-	13,035,000	(13,035,000)	-
8,153	8,153		8,153
6,750	6,750		6,750
255,236	17,281,806	(15,725,000)	1,556,806
12,573	12,573	94,045	106,618
94,045	94,045	(94,045)	-
180,000	15,725,000	(15,725,000)	-
60,058	1,540,278	-	1,540,278
275	1,625	-	1,625
346,951	17,373,521	(15,725,000)	1,648,521
(91,715)	(91,715)	-	(91,715)
409,929	570,762		570,762
\$ 318,214	\$ 479,047	\$ - 0 -	\$ 479,047

Genesee County Building Authority
Notes to Financial Statements
September 30, 2005

1. Summary of significant accounting policies

The accounting methods and procedures adopted by the Genesee County Building Authority (the Authority) conform to accounting principles generally accepted in the United States of America as applied to governmental entities.

Financial reporting entity:

The Genesee County Building Authority was created in 1967, pursuant to the provisions of Act 31 of the Michigan Public Acts of 1945, First Extra Session. The Authority has no stockholders and all monies received are to be used for certain specified purposes in accordance with the agreement between the County of Genesee, the Authority, and its bondholders. The sole purpose of the Authority is to oversee the construction of selected county facilities from bonds or notes that are issued by the Authority on behalf of the County.

The Authority is a component unit of Genesee County (the County's primary government) due to its financial relationship with the County. As such, its financial statements are included in the comprehensive annual financial report of the County as a blended component unit.

Basis of presentation:

Government-wide and fund financial statements

A combined presentation of the government-wide financial statements and the fund financial statements is reported.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the Authority.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expense are those that are clearly identifiable with a specific function. These expenses include interest on debt and other direct administrative expenses. Program revenues include rental payments charged to Genesee County and other building tenants, which pays for the interest costs of the debt that was issued.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period which is generally 60 days. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures, are recorded only when payment is due.

Investments:

Investments, when purchased, are stated at fair value. The Authority considers all highly liquid investments (including governmental mutual funds) with a maturity of 90 days or less at the date of purchase to be cash and cash equivalents.

Genesee County Building Authority
Notes to Financial Statements
September 30, 2005

1. Summary of significant accounting policies – (continued)

Revenues:

Program revenues included interest and fees on lease receivables.

Budgetary data:

The Authority does not adopt a budget for the debt service or capital project funds.

Eliminations:

Interfund activity in the government-wide statement of activities has been eliminated.

2. Deposits

Michigan Compiled Laws section 129.91 (Public Act 20 of 1943, as amended), authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivision, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The Authority's deposits and investment policies are in accordance with statutory authority.

The Authority's cash and cash equivalents consist mainly of various checking accounts and certificates of deposits.

The Authority has designated five banks for the deposit of its funds. The depositories are: Citizens Bank, Comerica Bank, Bank One, CTN Bank, and Standard Federal.

The Authority's cash and investments are subject to certain types of risk, which are examined in more detail below:

Custodial credit risk of bank deposits:

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the Authority's deposits was \$225,915 and the bank balance was also \$225,915. Of the bank balance, \$29,044 was insured by F.D.I.C. insurance. The remaining portion relates to the Authority's share of the County's pooled cash account in the amount of \$196,871. Insurance coverage on this amount is unknown.

3. Lease contracts receivable

The Authority has entered into various lease agreements with the County and other governments for buildings acquired or constructed by the Authority. These agreements generally terminate with the retirement of the related bond issues. Leases receivable are reported at an amount equal to the lesser of the actual bond-financed construction costs incurred to date less bond principal payments made to date or the outstanding bond principal. Annual lease payments under these agreements are equal to the related bond principal and interest due each year. At termination of a lease, title to the leased property is passed to the county or other government.

Genesee County Building Authority
Notes to Financial Statements
September 30, 2005

3. Lease contracts receivable – (continued)

Under the accrual basis of accounting and the provisions of FASB (Financial Accounting Standards Board) Statement No. 13, *Accounting for Leases*, the Authority's leases are classified as sales leases. As a result, leases receivable are recognized in the accompanying statement of net assets, whereas capital assets are not.

All lease agreements provide for the lessee to use, operate and maintain the property, at its own expense, subject to the terms and conditions of the agreements.

The annual lease rentals are sufficient to repay the capitalized bond and interest payments. Revenue represented by the noncurrent portion of the lease receivable is deferred until it becomes a current revenue.

Future minimum lease payments scheduled to be received by the Authority are as follows:

**Genesee County, McCree Courts and
Human Services Building:**

2006	\$1,144,000
2007	1,144,400
2008	1,139,400
2009	1,143,000
2010	<u>1,143,300</u>
Total minimum lease payments	5,714,100
Less: unearned finance income	<u>509,100</u>
Present value of receivable under capital lease	<u><u>\$5,205,000</u></u>

1998 Revenue Refunding Bonds:

2006	\$ 591,614
2007	228,734
2008	160,724
2009	165,264
2010	164,220
Future years	<u>521,847</u>
Total minimum lease payments	1,832,403
Less: unearned finance income	<u>287,403</u>
Present value of receivables under capital leases	<u><u>\$1,545,000</u></u>

Genesee County Building Authority
Notes to Financial Statements
September 30, 2005

3. Lease contracts receivable - (continued)

Courthouse Square:

2006	\$1,035,740
2007	1,038,330
2008	1,038,290
2009	<u>1,035,540</u>

Total minimum lease payments 4,147,900

Less: unearned finance income 427,900

Present value of receivable
under capital leases \$3,720,000

Series 2002-B/Courthouse Square:

2006	\$ 355,466
2007	353,866
2008	357,066
2009	359,866
2010	362,266
Future years	<u>4,639,501</u>

Total minimum lease payments 6,428,031

Less: unearned finance income 2,028,031

Present value of receivable under
capital lease \$ 4,400,000

GCCARD Facility:

2006	\$ 214,978
2007	215,988
2008	221,688
2009	221,848
2010	221,673
Future years	<u>2,667,423</u>

Total minimum lease payments 3,763,598

Less: unearned finance income 1,248,598

Present value of receivable under
capital lease \$ 2,515,000

Genesee County Building Authority
Notes to Financial Statements
September 30, 2005

3. Lease contracts receivable - (continued)

Burton Clinic:	
2006	\$ 239,658
2007	243,830
2008	247,200
2009	244,820
2010	247,050
Future years	<u>498,410</u>
Total minimum lease payments	1,720,968
Less: unearned finance income	<u>235,968</u>
Present value of receivable under capital lease	<u>\$ 1,485,000</u>
Total present value of all receivables under capital lease	<u>\$18,870,000</u>

4. Bonds payable

A. Changes in long-term debt:

Changes in long-term debt for the year ended September 30, 2005, are detailed below:

	<u>Long-Term Debt</u>
Balance October 1, 2004	\$ 34,595,000
Debt retired - principal payments on scheduled debt	(2,690,000)
Debt advance refunded by Genesee County	<u>(13,035,000)</u>
Balance September 30, 2005	<u>\$ 18,870,000</u>

B. McCree Courts and Human Services Building:

Series 2004 Refunding Bonds

The Series 2004 Refunding Bonds were issued to partially defease the 1994-D Building Authority Bonds. The Series 2004 Refunding Bonds are collateralized by the lease agreement with Genesee County. The bonds mature as follows:

<u>Year</u>	<u>Interest Rate</u>	<u>Interest Due November 1</u>	<u>Interest Due May 1</u>	<u>Total Interest Due</u>	<u>Principal Due May 1</u>	<u>Total</u>
2006	2.00%	\$ 82,000	\$ 82,000	\$164,000	\$ 980,000	\$1,144,000
2007	2.00-4.00	72,200	72,200	144,400	1,000,000	1,144,400
2008	4.00	52,200	52,200	104,400	1,035,000	1,139,400
2009	4.00-2.75	31,500	31,500	63,000	1,080,000	1,143,000
2010	2.75-3.00	16,650	16,650	33,300	1,110,000	1,143,300
Total		<u>\$254,550</u>	<u>\$254,550</u>	<u>\$509,100</u>	<u>\$5,205,000</u>	<u>\$5,714,100</u>

The bonds are not subject to redemption prior to maturity.

Genesee County Building Authority
Notes to Financial Statements
September 30, 2005

4. Bonds payable - (continued)

C. Series 1998 Revenue Refunding Bonds:

The Series 1998 Revenue Refunding Bonds were issued to partially defease the Series 1989-A, Series 1991-A, Series 1991-B, Series 1992, Series 1994, and Series 1995 Revenue Bonds. The Revenue Refunding Bonds are collateralized by the lease agreement with the County of Genesee. The 1998 Revenue Refunding Bonds mature as follows:

1998 Refunding Bonds

<u>Year</u>	<u>Interest Rate</u>	<u>Interest Due May 1</u>	<u>Interest Due November 1</u>	<u>Total Interest Due</u>	<u>Principal Due May 1</u>	<u>Total</u>
2006	4.40%	\$ 35,802	\$ 35,802	\$ 71,604	\$ 520,000	\$ 591,604
2007	4.45	24,363	24,363	48,726	180,000	228,726
2008	4.55	20,357	20,357	40,714	120,000	160,714
2009	4.65	17,628	17,628	35,256	130,000	165,256
2010	4.75	14,605	14,605	29,210	135,000	164,210
2011	4.85	11,399	11,399	22,798	135,000	157,798
2012	5.00	8,125	8,125	16,250	85,000	101,250
2013	5.00	6,000	6,000	12,000	85,000	97,000
2014	5.00	3,875	3,875	7,750	95,000	102,750
2015	5.00	1,500	1,500	3,000	60,000	63,000
		<u>\$143,654</u>	<u>\$143,654</u>	<u>\$287,308</u>	<u>\$1,545,000</u>	<u>\$1,832,308</u>

Bonds maturing through May 1, 2008 shall not be subject to redemption prior to maturity. Bonds maturing on or after May 1, 2009 are subject to redemption prior to maturity in any order, on any one or more interest payment dates on or after May 1, 2008, at par and accrued interest.

D. 1999 Building Authority Bonds

In June of 2005, Genesee County issued General Obligation Refunding Bonds, Series 2005 to refund the portion of the 1999 Building Authority Bonds, maturing in the years 2010 through 2019, and to pay the costs of issuance related thereto. The 1999 Building Authority Bonds are collateralized by the lease agreement with the County of Genesee. The 1999 Bonds mature as follows:

<u>Year</u>	<u>Interest Rate</u>	<u>Interest Due May 1</u>	<u>Interest Due November 1</u>	<u>Total Interest Due</u>	<u>Principal Due May 1</u>	<u>Total</u>
2006	4.30%	\$ 82,870	\$ 82,870	\$165,740	\$ 870,000	\$1,035,740
2007	4.40	64,165	64,165	128,330	910,000	1,038,330
2008	4.50	44,145	44,145	88,290	950,000	1,038,290
2009	5.20	22,770	22,770	45,540	990,000	1,035,540
		<u>\$213,950</u>	<u>\$213,950</u>	<u>\$427,900</u>	<u>\$3,720,000</u>	<u>\$4,147,900</u>

Bonds maturing through May 1, 2015 shall not be subject to redemption prior to maturity. Bonds maturing on or after May 1, 2016 are subject to redemption prior to maturity in any order, on any one or more interest payment dates on or after May 1, 2015, at par and accrued interest.

Genesee County Building Authority
Notes to Financial Statements
September 30, 2005

4. Bonds payable - (continued)

E. 2002 Building Authority Bonds

The 2002 Bonds were issued to acquire, construct, furnish, and equip two buildings to be used as office space for the GCCARD. The 2002 Bonds are collateralized by the lease agreements with the County of Genesee. The 2002 Bonds mature as follows:

<u>Year</u>	<u>Interest Rate</u>	<u>Interest Due May 1</u>	<u>Interest Due November 1</u>	<u>Total Interest Due</u>	<u>Principal Due May 1</u>	<u>Total</u>
2006	4.20%	\$ 59,989	\$ 59,989	\$ 119,978	\$ 95,000	\$ 214,978
2007	4.30	57,994	57,994	115,988	100,000	215,988
2008	4.40	55,844	55,844	111,688	110,000	221,688
2009	4.50	53,424	53,424	106,848	115,000	221,848
2010	4.50	50,836	50,836	101,672	120,000	221,672
2011	4.60	48,136	48,136	96,272	125,000	221,272
2012	4.60	45,261	45,261	90,522	130,000	220,522
2013	4.60	42,271	42,271	84,542	135,000	219,542
2014	4.70	39,166	39,166	78,332	145,000	223,332
2015	4.80	35,759	35,759	71,518	150,000	221,518
2016	4.85	32,159	32,159	64,318	160,000	224,318
2017	4.90	28,279	28,279	56,558	165,000	221,558
2018	4.95	24,236	24,236	48,472	175,000	223,472
2019	5.00	19,905	19,905	39,810	185,000	224,810
2020	5.00	15,280	15,280	30,560	195,000	225,560
2021	5.05	10,405	10,405	20,810	200,000	220,810
2022	5.10	5,355	5,355	10,710	210,000	220,710
		<u>\$624,299</u>	<u>\$624,299</u>	<u>\$1,248,598</u>	<u>\$2,515,000</u>	<u>\$3,763,598</u>

Bond maturing prior to May 1, 2013, are not subject to redemption prior to maturity. Bonds maturing on and after May 1, 2013, are subject to redemption prior to maturity, at the option of the Authority, in such order as shall be determined by the Authority, in whole or in part, on any one or more interest payment dates, on and after May 1, 2012, in integral multiples of \$5,000 and by lot within a maturity, at the par value of the bond or portion of the bond called to be redeemed plus accrued interest to the date fixed for redemption.

Genesee County Building Authority
Notes to Financial Statements
September 30, 2005

4. Bonds payable - (continued)

F. 2001 Building Authority Bonds

The 2001 Bonds were issued to construct, furnish, and equip the Burton Health Center. The 2001 Bonds are collateralized by the lease agreements with the County of Genesee. The 2001 Bonds mature as follows:

<u>Year</u>	<u>Interest Rate</u>	<u>Interest Due May 1</u>	<u>Interest Due November 1</u>	<u>Total Interest Due</u>	<u>Principal Due May 1</u>	<u>Total</u>
2006	3.15%	\$ 27,329	\$ 27,329	\$ 54,658	\$ 185,000	\$ 239,658
2007	3.40	24,415	24,415	48,830	195,000	243,830
2008	3.60	21,100	21,100	42,200	205,000	247,200
2009	3.70	17,410	17,410	34,820	210,000	244,820
2010	3.80	13,525	13,525	27,050	220,000	247,050
2011	3.90	9,345	9,345	18,690	230,000	248,690
2012	4.05	4,860	4,860	9,720	240,000	249,720
		<u>\$117,984</u>	<u>\$117,984</u>	<u>\$235,968</u>	<u>\$1,485,000</u>	<u>\$1,720,968</u>

The bonds are not subject to redemption prior to maturity.

G. Series 2002-B Building Authority Bonds

The 2002-B Bonds were issued for the purpose of defraying the cost of constructing, furnishing, and equipping improvements to the Genesee County Courthouse; to pay the costs of issuing the Bonds; and to pay the first interest payments due May 1, 2003 and November 1, 2003. The 2002-B Building Authority Bonds are collateralized by the lease agreement with the County of Genesee. The 2002-B Bonds mature as follows:

<u>Year</u>	<u>Interest Rate</u>	<u>Interest Due May 1</u>	<u>Interest Due November 1</u>	<u>Total Interest Due</u>	<u>Principal Due May 1</u>	<u>Total</u>
2006	4.00%	\$ 95,233	\$ 95,233	\$ 190,466	\$ 165,000	\$ 355,466
2007	4.00	91,933	91,933	183,866	170,000	353,866
2008	4.00	88,533	88,533	177,066	180,000	357,066
2009	4.00	84,933	84,933	169,866	190,000	359,866
2010	4.00	81,133	81,133	162,266	200,000	362,266
2011	4.00	77,133	77,133	154,266	210,000	364,266
2012	4.00	72,933	72,933	145,866	220,000	365,866
2013	4.00	68,533	68,533	137,066	235,000	372,066
2014	4.13	63,833	63,833	127,666	245,000	372,666
2015	4.25	58,780	58,780	117,560	260,000	377,560
2016	4.30	53,255	53,255	106,510	270,000	376,510
2017	4.40	47,450	47,450	94,900	285,000	379,900
2018	4.50	41,180	41,180	82,360	300,000	382,360
2019	4.63	34,430	34,430	68,860	320,000	388,860
2020	4.65	27,030	27,030	54,060	375,000	429,060
2021	4.70	18,311	18,311	36,622	380,000	416,622
2022	4.75	9,382	9,382	18,764	395,000	413,764
		<u>\$1,014,015</u>	<u>\$1,014,015</u>	<u>\$2,028,030</u>	<u>\$4,400,000</u>	<u>\$6,428,030</u>

Genesee County Building Authority
Notes to Financial Statements
September 30, 2005

4. Bonds payable - (continued)

G. Series 2002-B Building Authority Bonds – (continued)

Bonds maturing prior to May 1, 2013, are not subject to redemption prior to maturity. Bonds maturing on and after May 1, 2013, are subject to redemption prior to maturity, at the option of the Authority, in such order as shall be determined by the Authority, in whole or in part, on any one or more interest payment dates, on and after May 1, 2012, in integral multiples of \$5,000 and by lot within a maturity, at the par value of the bond or portion of the bond called to be redeemed plus accrued interest to the date fixed for redemption.

H. Bond fund principal requirements are as follows:

2006	\$ 2,815,000
2007	2,555,000
2008	2,600,000
2009	2,715,000
2010 and after	<u>8,185,000</u>
	<u>\$18,870,000</u>

I. Bonds defeasance:

On June 23, 2005, the County issued \$12,950,000 in Series 2005 General Obligation Bonds with an average interest rate of 2.958%. These bonds were issued to advance refund a portion of the 1999 Building Authority bonds in the amount of \$13,035,000. The net proceeds of \$13,922,434 (including original issue premium of \$1,036,537 and net of underwriter's discount of \$64,103) were used to purchase U.S. Government securities. Those securities were deposited by Genesee County in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the Building Authority bonds. As a result, the refunded portion of the Building Authority bonds is considered defeased and the liability for these bonds was removed from the balance sheet. The total principal and interest payments of the new debt and old debt are \$19,666,907 and \$19,059,182, respectively. The economic gain (difference in the present values of the old and new debt service requirements) resulting from the advance refunding was \$607,725. The balance at September 30, 2005, of the portion of bonds defeased was \$13,035,000.

5. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between governmental fund balance sheet and the government-wide statement of net assets:

The government fund balance sheet includes an adjustments column to reconcile between fund balance – total governmental funds and net assets- governmental activities as reported in the government-wide statement of net assets. An explanation of the adjustments is as follows:

Total Government Funds fund balance at September 30, 2005	\$ 479,047
Long term debt is not due and payable in the current year and therefore is not reported in the funds.	18,870,000
Lease revenue related to future years is not a current resource and therefore, deferred in the funds, however, the amounts are economic resources that are available to pay the long-term debt.	<u>(18,870,000)</u>
Total net assets at September 30, 2005	<u>\$ 479,047</u>

Genesee County Building Authority
Notes to Financial Statements
September 30, 2005

5. Reconciliation of government-wide and fund financial statements – (continued)

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures and changes in fund balances includes an adjustment column to reconcile between net changes in fund balances- total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. An explanation of the adjustments is as follows:

Excess of revenues and other sources over expenditures and other uses	\$ (91,715)
Lease revenue received to pay the principal on long-term debt is a current financial resource for the funds but is not for the government-wide financial statements since it already has been accrued in a prior period to pay the principal.	(2,690,000)
Bond principal paid is a use of current financial resources for the funds, but the debt is on the balance sheet for the statement of net assets and therefore, is reclassified	<u>2,690,000</u>
Change in net assets	<u>\$ (91,715)</u>

6. Fund balance deficits

Designated for Capital Projects:

The Authority incurred a fund balance deficit in the Soil Decontamination Capital Project fund in the amount of \$26,606. The deficit was caused by project expenditures exceeding available fund balance. The deficit will be eliminated via transfers from the County of Genesee.

7. Maintenance of leased property

All lease agreements with the County of Genesee state that the County will use, operate, and maintain the land and structures owned by the Authority. The County, at its expense, shall pay all ordinary operating, repair, and maintenance expenses.

**Financial Statements of
Non-Major Funds**

Genesee County Building Authority
Non-Major Debt Service and Capital Projects Funds
Combining Balance Sheet
September 30, 2005

	Debt Service		Capital Projects		
	Burton Clinic	County Admin . Bldg.	Courthouse Square	Soil Decontamination	Total
Assets					
Cash and cash equivalents	\$ 11,476	\$ 53,606	\$ -	\$ -	\$ 65,082
Investments	-	-	500,000	-	500,000
Accrued interest receivable	-	-	412	-	412
Net lease receivable	1,485,000	-	-	-	1,485,000
Total assets	\$ 1,496,476	\$ 53,606	\$ 500,412	\$ - 0 -	\$ 2,050,494
Liabilities and Fund Balances					
Liabilities:					
Due to Genesee County	\$ -	\$ -	\$ 220,674	\$ 26,606	\$ 247,280
Deferred revenue	1,485,000	-	-	-	1,485,000
Total liabilities	1,485,000	-	220,674	26,606	1,732,280
Fund balances (deficits):					
Unreserved:					
Undesignated	11,476	53,606	279,738	(26,606)	318,214
Total fund balances	11,476	53,606	279,738	(26,606)	318,214
Total liabilities and fund balances	\$ 1,496,476	\$ 53,606	\$ 500,412	\$ - 0 -	\$ 2,050,494

Genesee County Building Authority
Non-Major Debt Service and Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended September 30, 2005

	Debt Service		Capital Projects		
	Burton Clinic	County Admin. Bldg.	Courthouse Square	Soil Decontamination	Total
Revenues:					
Financing income:					
Lease charges:					
Genesee County	\$ 180,000	\$ -	\$ -	\$ -	\$ 180,000
State of Michigan	-	-	-	-	-
City of Flint	-	-	-	-	-
Genesee County WWS	-	-	-	-	-
Interest and fees on lease receivable	60,333	-	-	-	60,333
Interest on investments	-	616	7,537	-	8,153
Other	-	-	-	6,750	6,750
Total revenues	240,333	616	7,537	6,750	255,236
Expenditures:					
Current:					
General government	-	836	-	11,737	12,573
Capital outlay	-	-	94,045	-	94,045
Debt service:					
Bond principal	180,000	-	-	-	180,000
Bond interest	60,058	-	-	-	60,058
Paying agent fees	275	-	-	-	275
Total expenditures	240,333	836	94,045	11,737	346,951
Excess (deficiency) of revenues over expenditures	-	(220)	(86,508)	(4,987)	(91,715)
Fund balances (deficits) - beginning of year	11,476	53,826	366,246	(21,619)	409,929
Fund balances (deficits) - end of year	\$ 11,476	\$ 53,606	\$ 279,738	\$ (26,606)	\$ 318,214